

## 1 HOUSE BILL NO. 362

2 INTRODUCED BY J. MCKENNEY, CALLAHAN, CHRISTIAENS, P. CLARK, COBB, DOHERTY,  
3 FRANKLIN, GALVIN-HALCRO, GOLIE, KITZENBERG, LEHMAN, MANGAN, RIPLEY, ROUSH, RYAN,  
4 SCHMIDT, TESTER, TRAMELLI, J. TROPILA, J. WHITAKER

5

6 A BILL FOR AN ACT ENTITLED: "AN ACT EXEMPTING FROM TAXATION ALL MANUFACTURING  
7 MACHINERY, FIXTURES, EQUIPMENT, AND TOOLS USED FOR THE PRODUCTION OF ETHANOL FROM  
8 GRAIN DURING THE COURSE OF THE CONSTRUCTION OF AN ETHANOL MANUFACTURING FACILITY  
9 AND FOR 10 YEARS AFTER ~~COMPLETION OF CONSTRUCTION OF THE MANUFACTURING~~ INITIAL  
10 PRODUCTION OF ETHANOL FROM THE FACILITY; AMENDING SECTIONS 15-6-138 AND 15-6-201, MCA;  
11 AND PROVIDING AN ~~IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE~~ APPLICABILITY DATE."

12

13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14

15 **Section 1.** Section 15-6-138, MCA, is amended to read:

16 **"15-6-138. (Temporary) Class eight property -- description -- taxable percentage.** (1) Class eight  
17 property includes:

18 (a) all agricultural implements and equipment that are not exempt under 15-6-201(1)(bb);

19 (b) all mining machinery, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r), and  
20 supplies except those included in class five;

21 (c) all oil and gas production machinery, fixtures, equipment, including pumping units, oil field  
22 storage tanks, water storage tanks, water disposal injection pumps, gas compressor and dehydrator units,  
23 communication towers, gas metering shacks, treaters, gas separators, water flood units, gas boosters,  
24 and similar equipment that is skidable, portable, or movable, tools that are not exempt under  
25 15-6-201(1)(r), and supplies except those included in class five;

26 (d) all manufacturing machinery, fixtures, equipment, tools ~~that are not exempt under~~  
27 15-6-201(1)(r) or (1)(bb), except a certain value of hand-held tools and personal property related to space  
28 vehicles, ethanol manufacturing, and industrial dairies and milk processors as providers as provided in  
29 15-6-201, and supplies except those included in class five;

30 (e) all goods and equipment that are intended for rent or lease, except goods and equipment that

- 1 are specifically included and taxed in another class;
- 2 (f) special mobile equipment as defined in 61-1-104;
- 3 (g) furniture, fixtures, and equipment, except that specifically included in another class, used in
- 4 commercial establishments as defined in this section;
- 5 (h) x-ray and medical and dental equipment;
- 6 (i) citizens' band radios and mobile telephones;
- 7 (j) radio and television broadcasting and transmitting equipment;
- 8 (k) cable television systems;
- 9 (l) coal and ore haulers;
- 10 (m) theater projectors and sound equipment; and

11 (n) all other property that is not included in any other class in this part, except that property that

12 is subject to a fee in lieu of a property tax.

13 (2) As used in this section, "coal and ore haulers" means nonhighway vehicles that exceed 18,000

14 pounds per axle and that are primarily designed and used to transport coal, ore, or other earthen material

15 in a mining or quarrying environment.

16 (3) "Commercial establishment" includes any hotel; motel; office; petroleum marketing station;

17 or service, wholesale, retail, or food-handling business.

18 (4) Class eight property is taxed at:

19 ~~—— (a) 6% of its market value for tax years beginning after December 31, 1997; and~~

20 ~~—— (b) 3% of its market value for tax years beginning after December 31, 1999.~~

21 (5) (a) If, in any year beginning with tax year 2004, the percentage growth in inflation-adjusted

22 Montana wage and salary income, in the last full year for which data is available, is at least 2.85% from

23 the prior year, then the tax rate for class eight property will be reduced by 1% each year until the tax rate

24 reaches zero.

25 (b) The department shall calculate the percentage growth in subsection (5)(a) by using the formula

26  $(W/CPI) - 1$ , where:

27 (i) W is the Montana wage and salary income for the most current available year divided by the

28 Montana wage and salary income for the year prior to the most current available year; and

29 (ii) CPI is the consumer price index for the most current available year used in subsection (5)(b)(i)

30 divided by the consumer price index for the year prior to the most current available year as used in

1 subsection (5)(b)(i).

2 (c) For purposes of determining the percentage growth in subsection (5)(a), the department shall  
3 use the wage and salary data series referred to as the bureau of economic analysis of the United States  
4 department of commerce Montana wage and salary disbursements. Inflation must be measured by the  
5 consumer price index, U.S. city average, all urban consumers (CPI-U), using the 1982-84 base of 100, as  
6 published by the bureau of labor statistics of the United States department of labor.

7 (6) ~~Beginning with tax year 2000, the~~ The class eight property of a person or business entity that  
8 owns an aggregate of \$5,000 or less in market value of class eight property is exempt from taxation.  
9 (Repealed on occurrence of contingency--secs. 27(2), 31(4), Ch. 285, L. 1999.)"

10

11 **Section 2.** Section 15-6-201, MCA, is amended to read:

12 **"15-6-201. (Temporary) Exempt categories.** (1) The following categories of property are exempt  
13 from taxation:

14 (a) except as provided in 15-24-1203, the property of:

15 (i) the United States, except:

16 (A) if congress passes legislation that allows the state to tax property owned by the federal  
17 government or an agency created by congress; or

18 (B) as provided in 15-24-1103;

19 (ii) the state, counties, cities, towns, and school districts;

20 (iii) irrigation districts organized under the laws of Montana and not operating for profit;

21 (iv) municipal corporations;

22 (v) public libraries; and

23 (vi) rural fire districts and other entities providing fire protection under Title 7, chapter 33;

24 (b) buildings, with land that they occupy and furnishings in the buildings, that are owned by a  
25 church and used for actual religious worship or for residences of the clergy, together with adjacent land  
26 reasonably necessary for convenient use of the buildings;

27 (c) property used exclusively for agricultural and horticultural societies, for educational purposes,  
28 and for nonprofit health care facilities, as defined in 50-5-101, licensed by the department of public health  
29 and human services and organized under Title 35, chapter 2 or 3. A health care facility that is not licensed  
30 by the department of public health and human services and organized under Title 35, chapter 2 or 3, is

1 not exempt.

2 (d) property that is:

3 (i) owned and held by an association or corporation organized under Title 35, chapter 2, 3, 20,  
4 or 21;

5 (ii) devoted exclusively to use in connection with a cemetery or cemeteries for which a permanent  
6 care and improvement fund has been established as provided for in Title 35, chapter 20, part 3; and

7 (iii) not maintained and operated for private or corporate profit;

8 (e) subject to subsection (2), property that is owned or property that is leased from a federal,  
9 state, or local governmental entity by institutions of purely public charity if the property is directly used  
10 for purely public charitable purposes;

11 (f) evidence of debt secured by mortgages of record upon real or personal property in the state  
12 of Montana;

13 (g) public museums, art galleries, zoos, and observatories that are not used or held for private or  
14 corporate profit;

15 (h) all household goods and furniture, including but not limited to clocks, musical instruments,  
16 sewing machines, and wearing apparel of members of the family, used by the owner for personal and  
17 domestic purposes or for furnishing or equipping the family residence;

18 (i) truck canopy covers or toppers and campers;

19 (j) a bicycle, as defined in 61-1-123, used by the owner for personal transportation purposes;

20 (k) motor homes;

21 (l) all watercraft;

22 (m) motor vehicles, land, fixtures, buildings, and improvements owned by a cooperative  
23 association or nonprofit corporation organized to furnish potable water to its members or customers for  
24 uses other than the irrigation of agricultural land;

25 (n) the right of entry that is a property right reserved in land or received by mesne conveyance  
26 (exclusive of leasehold interests), devise, or succession to enter land with a surface title that is held by  
27 another to explore, prospect, or dig for oil, gas, coal, or minerals;

28 (o) (i) property that is owned and used by a corporation or association organized and operated  
29 exclusively for the care of persons with developmental disabilities, persons with mental illness, or persons  
30 with physical or mental impairments that constitute or result in substantial impediments to employment

1 and that is not operated for gain or profit; and

2 (ii) property that is owned and used by an organization owning and operating facilities that are for  
3 the care of the retired, aged, or chronically ill and that are not operated for gain or profit;

4 (p) all farm buildings with a market value of less than \$500 and all agricultural implements and  
5 machinery with a market value of less than \$100;

6 (q) property owned by a nonprofit corporation that is organized to provide facilities primarily for  
7 training and practice for or competition in international sports and athletic events and that is not held or  
8 used for private or corporate gain or profit. For purposes of this subsection (1)(q), "nonprofit corporation"  
9 means an organization that is exempt from taxation under section 501(c) of the Internal Revenue Code  
10 and incorporated and admitted under the Montana Nonprofit Corporation Act.

11 (r) (i) the first \$15,000 or less of market value of tools owned by the taxpayer that are  
12 customarily hand-held and that are used to:

13 (A) construct, repair, and maintain improvements to real property; or

14 (B) repair and maintain machinery, equipment, appliances, or other personal property;

15 (ii) space vehicles and all machinery, fixtures, equipment, and tools used in the design,  
16 manufacture, launch, repair, and maintenance of space vehicles that are owned by businesses engaged  
17 in manufacturing and launching space vehicles in the state or that are owned by a contractor or  
18 subcontractor of that business and that are directly used for space vehicle design, manufacture, launch,  
19 repair, and maintenance;

20 (s) harness, saddlery, and other tack equipment;

21 (t) a title plant owned by a title insurer or a title insurance producer, as those terms are defined  
22 in 33-25-105;

23 (u) timber as defined in 15-44-102;

24 (v) all trailers as defined in 61-1-111, semitrailers as defined in 61-1-112, pole trailers as defined  
25 in 61-1-114, and travel trailers as defined in 61-1-131;

26 (w) all vehicles registered under 61-3-456;

27 (x) (i) buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors,  
28 including buses, trucks, and truck tractors apportioned under Title 61, chapter 3, part 7; and

29 (ii) personal property that is attached to a bus, truck, or truck tractor that is exempt under  
30 subsection (1)(x)(i);

1 (y) motorcycles and quadricycles;

2 (z) the following percentage of the market value of residential property as described in  
3 15-6-134(1)(e) and (1)(f):

4 ~~(i) 16% for tax year 1999;~~

5 ~~(ii)(i)~~ 23% for tax year 2000;

6 ~~(iii)(ii)~~ 27.5% for tax year 2001; and

7 ~~(iv)(iii)~~ 31% for tax year 2002 and succeeding tax years;

8 (aa) the following percentage of the market value of commercial property as described in  
9 15-6-134(1)(g):

10 ~~(i) 6.5% for tax year 1999;~~

11 ~~(ii)(i)~~ 9% for tax year 2000;

12 ~~(iii)(ii)~~ 11% for tax year 2001; and

13 ~~(iv)(iii)~~ 13% for tax year 2002 and succeeding tax years;

14 (bb) personal property used by an industrial dairy or an industrial milk processor and dairy livestock  
15 used by an industrial dairy; ~~and~~

16 (cc) light vehicles as defined in 61-1-139; and

17 (dd) all manufacturing machinery, fixtures, equipment, and tools used for the production of ethanol  
18 from grain during the course of the construction of an ethanol manufacturing facility and for 10 years after  
19 completion of construction of the manufacturing INITIAL PRODUCTION OF ETHANOL FROM THE facility.

20 (2) (a) For the purposes of subsection (1)(e):

21 (i) the term "institutions of purely public charity" includes any organization that meets the  
22 following requirements:

23 (A) The organization offers its charitable goods or services to persons without regard to race,  
24 religion, creed, or gender and qualifies as a tax-exempt organization under the provisions of section  
25 501(c)(3), Internal Revenue Code, as amended.

26 (B) The organization accomplishes its activities through absolute gratuity or grants. However, the  
27 organization may solicit or raise funds by the sale of merchandise, memberships, or tickets to public  
28 performances or entertainment or by other similar types of fundraising activities.

29 (ii) agricultural property owned by a purely public charity is not exempt if the agricultural property  
30 is used by the charity to produce unrelated business taxable income as that term is defined in section 512

1 of the Internal Revenue Code, 26 U.S.C. 512. A public charity claiming an exemption for agricultural  
2 property shall file annually with the department a copy of its federal tax return reporting any unrelated  
3 business taxable income received by the charity during the tax year, together with a statement indicating  
4 whether the exempt property was used to generate any unrelated business taxable income.

5 (b) For the purposes of subsection (1)(g), the term "public museums, art galleries, zoos, and  
6 observatories" means governmental entities or nonprofit organizations whose principal purpose is to hold  
7 property for public display or for use as a museum, art gallery, zoo, or observatory. The exempt property  
8 includes all real and personal property reasonably necessary for use in connection with the public display  
9 or observatory use. Unless the property is leased for a profit to a governmental entity or nonprofit  
10 organization by an individual or for-profit organization, real and personal property owned by other persons  
11 is exempt if it is:

12 (i) actually used by the governmental entity or nonprofit organization as a part of its public display;

13 (ii) held for future display; or

14 (iii) used to house or store a public display.

15 (3) For the purposes of subsection (1)(bb):

16 (a) "industrial dairy" means a large-scale dairy operation with 1,000 or more milking cows and  
17 includes the dairy livestock and integral machinery and equipment that the dairy uses to produce milk and  
18 milk products solely for export from the state, either directly by the dairy or after the milk or milk product  
19 has been further processed by an industrial milk processor. After export, any unprocessed milk must be  
20 further processed into other dairy products.

21 (b) "industrial milk processor" means a facility and integral machinery used solely to process milk  
22 into milk products for export from the state.

23 (4) The following portions of the appraised value of a capital investment in a recognized nonfossil  
24 form of energy generation or low emission wood or biomass combustion devices, as defined in 15-32-102,  
25 are exempt from taxation for a period of 10 years following installation of the property:

26 (a) \$20,000 in the case of a single-family residential dwelling;

27 (b) \$100,000 in the case of a multifamily residential dwelling or a nonresidential structure.

28 **15-6-201. (Effective January 1, 2003) Exempt categories.** (1) The following categories of property  
29 are exempt from taxation:

30 (a) except as provided in 15-24-1203, the property of:

- 1 (i) the United States, except:
- 2 (A) if congress passes legislation that allows the state to tax property owned by the federal  
3 government or an agency created by congress; or
- 4 (B) as provided in 15-24-1103;
- 5 (ii) the state, counties, cities, towns, and school districts;
- 6 (iii) irrigation districts organized under the laws of Montana and not operating for profit;
- 7 (iv) municipal corporations;
- 8 (v) public libraries; and
- 9 (vi) rural fire districts and other entities providing fire protection under Title 7, chapter 33;
- 10 (b) buildings, with land that they occupy and furnishings in the buildings, that are owned by a  
11 church and used for actual religious worship or for residences of the clergy, together with adjacent land  
12 reasonably necessary for convenient use of the buildings;
- 13 (c) property used exclusively for agricultural and horticultural societies, for educational purposes,  
14 and for nonprofit health care facilities, as defined in 50-5-101, licensed by the department of public health  
15 and human services and organized under Title 35, chapter 2 or 3. A health care facility that is not licensed  
16 by the department of public health and human services and organized under Title 35, chapter 2 or 3, is  
17 not exempt.
- 18 (d) property that is:
- 19 (i) owned and held by an association or corporation organized under Title 35, chapter 2, 3, 20,  
20 or 21;
- 21 (ii) devoted exclusively to use in connection with a cemetery or cemeteries for which a permanent  
22 care and improvement fund has been established as provided for in Title 35, chapter 20, part 3; and
- 23 (iii) not maintained and operated for private or corporate profit;
- 24 (e) subject to subsection (2), property that is owned or property that is leased from a federal,  
25 state, or local governmental entity by institutions of purely public charity if the property is directly used  
26 for purely public charitable purposes;
- 27 (f) evidence of debt secured by mortgages of record upon real or personal property in the state  
28 of Montana;
- 29 (g) public museums, art galleries, zoos, and observatories that are not used or held for private or  
30 corporate profit;

1 (h) all household goods and furniture, including but not limited to clocks, musical instruments,  
2 sewing machines, and wearing apparel of members of the family, used by the owner for personal and  
3 domestic purposes or for furnishing or equipping the family residence;

4 (i) truck canopy covers or toppers and campers;

5 (j) a bicycle, as defined in 61-1-123, used by the owner for personal transportation purposes;

6 (k) motor homes;

7 (l) all watercraft;

8 (m) motor vehicles, land, fixtures, buildings, and improvements owned by a cooperative  
9 association or nonprofit corporation organized to furnish potable water to its members or customers for  
10 uses other than the irrigation of agricultural land;

11 (n) the right of entry that is a property right reserved in land or received by mesne conveyance  
12 (exclusive of leasehold interests), devise, or succession to enter land with a surface title that is held by  
13 another to explore, prospect, or dig for oil, gas, coal, or minerals;

14 (o) (i) property that is owned and used by a corporation or association organized and operated  
15 exclusively for the care of persons with developmental disabilities, persons with mental illness, or persons  
16 with physical or mental impairments that constitute or result in substantial impediments to employment  
17 and that is not operated for gain or profit; and

18 (ii) property that is owned and used by an organization owning and operating facilities that are for  
19 the care of the retired, aged, or chronically ill and that are not operated for gain or profit;

20 (p) all farm buildings with a market value of less than \$500 and all agricultural implements and  
21 machinery with a market value of less than \$100;

22 (q) property owned by a nonprofit corporation that is organized to provide facilities primarily for  
23 training and practice for or competition in international sports and athletic events and that is not held or  
24 used for private or corporate gain or profit. For purposes of this subsection (1)(q), "nonprofit corporation"  
25 means an organization that is exempt from taxation under section 501(c) of the Internal Revenue Code  
26 and incorporated and admitted under the Montana Nonprofit Corporation Act.

27 (r) (i) the first \$15,000 or less of market value of tools owned by the taxpayer that are  
28 customarily hand-held and that are used to:

29 (A) construct, repair, and maintain improvements to real property; or

30 (B) repair and maintain machinery, equipment, appliances, or other personal property;

1 (ii) space vehicles and all machinery, fixtures, equipment, and tools used in the design,  
2 manufacture, launch, repair, and maintenance of space vehicles that are owned by businesses engaged  
3 in manufacturing and launching space vehicles in the state or that are owned by a contractor or  
4 subcontractor of that business and that are directly used for space vehicle design, manufacture, launch,  
5 repair, and maintenance;

6 (s) harness, saddlery, and other tack equipment;

7 (t) a title plant owned by a title insurer or a title insurance producer, as those terms are defined  
8 in 33-25-105;

9 (u) timber as defined in 15-44-102;

10 (v) all trailers as defined in 61-1-111, semitrailers as defined in 61-1-112, pole trailers as defined  
11 in 61-1-114, and travel trailers as defined in 61-1-131;

12 (w) all vehicles registered under 61-3-456;

13 (x) (i) buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors,  
14 including buses, trucks, and truck tractors apportioned under Title 61, chapter 3, part 7; and

15 (ii) personal property that is attached to a bus, truck, or truck tractor that is exempt under  
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18 (z) the following percentage of the market value of residential property as described in  
19 15-6-134(1)(e) and (1)(f):

20 ~~(i) 16% for tax year 1999;~~

21 ~~(ii)~~(i) 23% for tax year 2000;

22 ~~(iii)~~(ii) 27.5% for tax year 2001; and

23 ~~(iv)~~(iii) 31% for tax year 2002 and succeeding tax years;

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25 15-6-134(1)(g):

26 ~~(i) 6.5% for tax year 1999;~~

27 ~~(ii)~~(i) 9% for tax year 2000;

28 ~~(iii)~~(ii) 11% for tax year 2001; and

29 ~~(iv)~~(iii) 13% for tax year 2002 and succeeding tax years;

30 (bb) personal property used by an industrial dairy or an industrial milk processor and dairy livestock

1 used by an industrial dairy;

2 (cc) items of personal property intended for rent or lease in the ordinary course of business if each  
3 item of personal property satisfies all of the following:

4 (i) the acquired cost of the personal property is less than \$15,000;

5 (ii) the personal property is owned by a business whose primary business income is from rental or  
6 lease of personal property to individuals and no one customer of the business accounts for more than 10%  
7 of the total rentals or leases during a calendar year; and

8 (iii) the lease of the personal property is generally on an hourly, daily, or weekly basis; ~~and~~

9 (dd) all manufacturing machinery, fixtures, equipment, and tools used for the production of ethanol  
10 from grain during the course of the construction of an ethanol manufacturing facility and for 10 years after  
11 completion of construction of the manufacturing facility; and

12 ~~(dd)~~(ee) light vehicles as defined in 61-1-139.

13 (2) (a) For the purposes of subsection (1)(e):

14 (i) the term "institutions of purely public charity" includes any organization that meets the  
15 following requirements:

16 (A) The organization offers its charitable goods or services to persons without regard to race,  
17 religion, creed, or gender and qualifies as a tax-exempt organization under the provisions of section  
18 501(c)(3), Internal Revenue Code, as amended.

19 (B) The organization accomplishes its activities through absolute gratuity or grants. However, the  
20 organization may solicit or raise funds by the sale of merchandise, memberships, or tickets to public  
21 performances or entertainment or by other similar types of fundraising activities.

22 (ii) agricultural property owned by a purely public charity is not exempt if the agricultural property  
23 is used by the charity to produce unrelated business taxable income as that term is defined in section 512  
24 of the Internal Revenue Code, 26 U.S.C. 512. A public charity claiming an exemption for agricultural  
25 property shall file annually with the department a copy of its federal tax return reporting any unrelated  
26 business taxable income received by the charity during the tax year, together with a statement indicating  
27 whether the exempt property was used to generate any unrelated business taxable income.

28 (b) For the purposes of subsection (1)(g), the term "public museums, art galleries, zoos, and  
29 observatories" means governmental entities or nonprofit organizations whose principal purpose is to hold  
30 property for public display or for use as a museum, art gallery, zoo, or observatory. The exempt property

1 includes all real and personal property reasonably necessary for use in connection with the public display  
2 or observatory use. Unless the property is leased for a profit to a governmental entity or nonprofit  
3 organization by an individual or for-profit organization, real and personal property owned by other persons  
4 is exempt if it is:

5 (i) actually used by the governmental entity or nonprofit organization as a part of its public display;

6 (ii) held for future display; or

7 (iii) used to house or store a public display.

8 (3) For the purposes of subsection (1)(bb):

9 (a) "industrial dairy" means a large-scale dairy operation with 1,000 or more milking cows and  
10 includes the dairy livestock and integral machinery and equipment that the dairy uses to produce milk and  
11 milk products solely for export from the state, either directly by the dairy or after the milk or milk product  
12 has been further processed by an industrial milk processor. After export, any unprocessed milk must be  
13 further processed into other dairy products.

14 (b) "industrial milk processor" means a facility and integral machinery used solely to process milk  
15 into milk products for export from the state.

16 (4) The following portions of the appraised value of a capital investment in a recognized nonfossil  
17 form of energy generation or low emission wood or biomass combustion devices, as defined in 15-32-102,  
18 are exempt from taxation for a period of 10 years following installation of the property:

19 (a) \$20,000 in the case of a single-family residential dwelling;

20 (b) \$100,000 in the case of a multifamily residential dwelling or a nonresidential structure.

21 **15-6-201. (Effective on occurrence of contingency) Exempt categories.** (1) The following  
22 categories of property are exempt from taxation:

23 (a) except as provided in 15-24-1203, the property of:

24 (i) the United States, except:

25 (A) if congress passes legislation that allows the state to tax property owned by the federal  
26 government or an agency created by congress; or

27 (B) as provided in 15-24-1103;

28 (ii) the state, counties, cities, towns, and school districts;

29 (iii) irrigation districts organized under the laws of Montana and not operating for profit;

30 (iv) municipal corporations;

- 1 (v) public libraries; and
- 2 (vi) rural fire districts and other entities providing fire protection under Title 7, chapter 33;
- 3 (b) buildings, with land that they occupy and furnishings in the buildings, that are owned by a
- 4 church and used for actual religious worship or for residences of the clergy, together with adjacent land
- 5 reasonably necessary for convenient use of the buildings;
- 6 (c) property used exclusively for agricultural and horticultural societies, for educational purposes,
- 7 and for nonprofit health care facilities, as defined in 50-5-101, licensed by the department of public health
- 8 and human services and organized under Title 35, chapter 2 or 3. A health care facility that is not licensed
- 9 by the department of public health and human services and organized under Title 35, chapter 2 or 3, is
- 10 not exempt.
- 11 (d) property that is:
- 12 (i) owned and held by an association or corporation organized under Title 35, chapter 2, 3, 20,
- 13 or 21;
- 14 (ii) devoted exclusively to use in connection with a cemetery or cemeteries for which a permanent
- 15 care and improvement fund has been established as provided for in Title 35, chapter 20, part 3; and
- 16 (iii) not maintained and operated for private or corporate profit;
- 17 (e) subject to subsection (2), property that is owned or property that is leased from a federal,
- 18 state, or local governmental entity by institutions of purely public charity if the property is directly used
- 19 for purely public charitable purposes;
- 20 (f) evidence of debt secured by mortgages of record upon real or personal property in the state
- 21 of Montana;
- 22 (g) public museums, art galleries, zoos, and observatories that are not used or held for private or
- 23 corporate profit;
- 24 (h) all household goods and furniture, including but not limited to clocks, musical instruments,
- 25 sewing machines, and wearing apparel of members of the family, used by the owner for personal and
- 26 domestic purposes or for furnishing or equipping the family residence;
- 27 (i) truck canopy covers or toppers and campers;
- 28 (j) a bicycle, as defined in 61-1-123, used by the owner for personal transportation purposes;
- 29 (k) motor homes;
- 30 (l) all watercraft;

1 (m) motor vehicles, land, fixtures, buildings, and improvements owned by a cooperative  
2 association or nonprofit corporation organized to furnish potable water to its members or customers for  
3 uses other than the irrigation of agricultural land;

4 (n) the right of entry that is a property right reserved in land or received by mesne conveyance  
5 (exclusive of leasehold interests), devise, or succession to enter land with a surface title that is held by  
6 another to explore, prospect, or dig for oil, gas, coal, or minerals;

7 (o) (i) property that is owned and used by a corporation or association organized and operated  
8 exclusively for the care of persons with developmental disabilities, persons with mental illness, or persons  
9 with physical or mental impairments that constitute or result in substantial impediments to employment  
10 and that is not operated for gain or profit; and

11 (ii) property that is owned and used by an organization owning and operating facilities that are for  
12 the care of the retired, aged, or chronically ill and that are not operated for gain or profit;

13 (p) all farm buildings with a market value of less than \$500 and all agricultural implements and  
14 machinery with a market value of less than \$100;

15 (q) property owned by a nonprofit corporation that is organized to provide facilities primarily for  
16 training and practice for or competition in international sports and athletic events and that is not held or  
17 used for private or corporate gain or profit. For purposes of this subsection (1)(q), "nonprofit corporation"  
18 means an organization that is exempt from taxation under section 501(c) of the Internal Revenue Code  
19 and incorporated and admitted under the Montana Nonprofit Corporation Act.

20 (r) (i) the first \$15,000 or less of market value of tools owned by the taxpayer that are  
21 customarily hand-held and that are used to:

22 (A) construct, repair, and maintain improvements to real property; or

23 (B) repair and maintain machinery, equipment, appliances, or other personal property;

24 (ii) space vehicles and all machinery, fixtures, equipment, and tools used in the design,  
25 manufacture, launch, repair, and maintenance of space vehicles that are owned by businesses engaged  
26 in manufacturing and launching space vehicles in the state or that are owned by a contractor or  
27 subcontractor of that business and that are directly used for space vehicle design, manufacture, launch,  
28 repair, and maintenance;

29 (s) harness, saddlery, and other tack equipment;

30 (t) a title plant owned by a title insurer or a title insurance producer, as those terms are defined

- 1 in 33-25-105;
- 2 (u) timber as defined in 15-44-102;
- 3 (v) all trailers as defined in 61-1-111, semitrailers as defined in 61-1-112, pole trailers as defined
- 4 in 61-1-114, and travel trailers as defined in 61-1-131;
- 5 (w) all vehicles registered under 61-3-456;
- 6 (x) (i) buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors,
- 7 including buses, trucks, and truck tractors apportioned under Title 61, chapter 3, part 7; and
- 8 (ii) personal property that is attached to a bus, truck, or truck tractor that is exempt under
- 9 subsection (1)(x)(i);
- 10 (y) motorcycles and quadricycles;
- 11 (z) the following percentage of the market value of residential property as described in
- 12 15-6-134(1)(e) and (1)(f):
- 13 ~~(i) 16% for tax year 1999;~~
- 14 ~~(ii)~~(i) 23% for tax year 2000;
- 15 ~~(iii)~~(ii) 27.5% for tax year 2001; and
- 16 ~~(iv)~~(iii) 31% for tax year 2002 and succeeding tax years;
- 17 (aa) the following percentage of the market value of commercial property as described in
- 18 15-6-134(1)(g):
- 19 ~~(i) 6.5% for tax year 1999;~~
- 20 ~~(ii)~~(i) 9% for tax year 2000;
- 21 ~~(iii)~~(ii) 11% for tax year 2001; and
- 22 ~~(iv)~~(iii) 13% for tax year 2002 and succeeding tax years;
- 23 (bb) personal property used by an industrial dairy or an industrial milk processor and dairy livestock
- 24 used by an industrial dairy;
- 25 (cc) items of personal property intended for rent or lease in the ordinary course of business if each
- 26 item of personal property satisfies all of the following:
- 27 (i) the acquired cost of the personal property is less than \$15,000;
- 28 (ii) the personal property is owned by a business whose primary business income is from rental or
- 29 lease of personal property to individuals and no one customer of the business accounts for more than 10%
- 30 of the total rentals or leases during a calendar year; and

- 1 (iii) the lease of the personal property is generally on an hourly, daily, or weekly basis;
- 2 (dd) all agricultural implements and equipment;
- 3 (ee) all mining machinery, fixtures, equipment, tools ~~that are not exempt under 15-6-201(1)(r)~~, and
- 4 supplies except those included in class five;
- 5 (ff) all manufacturing machinery, fixtures, equipment, tools ~~that are not exempt under~~
- 6 ~~15-6-201(1)(r)~~, and supplies except those included in class five;
- 7 (gg) all goods and equipment that are intended for rent or lease, except goods and equipment that
- 8 are specifically included and taxed in another class;
- 9 (hh) special mobile equipment as defined in 61-1-104;
- 10 (ii) furniture, fixtures, and equipment, except that specifically included in another class, used in
- 11 commercial establishments as defined in this section;
- 12 (jj) x-ray and medical and dental equipment;
- 13 (kk) citizens' band radios and mobile telephones;
- 14 (ll) radio and television broadcasting and transmitting equipment;
- 15 (mm) cable television systems;
- 16 (nn) coal and ore haulers;
- 17 (oo) theater projectors and sound equipment; and
- 18 (pp) light vehicles as defined in 61-1-139.
- 19 (2) (a) For the purposes of subsection (1)(e):
- 20 (i) the term "institutions of purely public charity" includes any organization that meets the
- 21 following requirements:
- 22 (A) The organization offers its charitable goods or services to persons without regard to race,
- 23 religion, creed, or gender and qualifies as a tax-exempt organization under the provisions of section
- 24 501(c)(3), Internal Revenue Code, as amended.
- 25 (B) The organization accomplishes its activities through absolute gratuity or grants. However, the
- 26 organization may solicit or raise funds by the sale of merchandise, memberships, or tickets to public
- 27 performances or entertainment or by other similar types of fundraising activities.
- 28 (ii) agricultural property owned by a purely public charity is not exempt if the agricultural property
- 29 is used by the charity to produce unrelated business taxable income as that term is defined in section 512
- 30 of the Internal Revenue Code, 26 U.S.C. 512. A public charity claiming an exemption for agricultural

1 property shall file annually with the department a copy of its federal tax return reporting any unrelated  
 2 business taxable income received by the charity during the tax year, together with a statement indicating  
 3 whether the exempt property was used to generate any unrelated business taxable income.

4 (b) For the purposes of subsection (1)(g), the term "public museums, art galleries, zoos, and  
 5 observatories" means governmental entities or nonprofit organizations whose principal purpose is to hold  
 6 property for public display or for use as a museum, art gallery, zoo, or observatory. The exempt property  
 7 includes all real and personal property reasonably necessary for use in connection with the public display  
 8 or observatory use. Unless the property is leased for a profit to a governmental entity or nonprofit  
 9 organization by an individual or for-profit organization, real and personal property owned by other persons  
 10 is exempt if it is:

11 (i) actually used by the governmental entity or nonprofit organization as a part of its public display;  
 12 (ii) held for future display; or  
 13 (iii) used to house or store a public display.

14 (3) For the purposes of subsection (1)(bb):

15 (a) "industrial dairy" means a large-scale dairy operation with 1,000 or more milking cows and  
 16 includes the dairy livestock and integral machinery and equipment that the dairy uses to produce milk and  
 17 milk products solely for export from the state, either directly by the dairy or after the milk or milk product  
 18 has been further processed by an industrial milk processor. After export, any unprocessed milk must be  
 19 further processed into other dairy products.

20 (b) "industrial milk processor" means a facility and integral machinery used solely to process milk  
 21 into milk products for export from the state.

22 (4) The following portions of the appraised value of a capital investment in a recognized nonfossil  
 23 form of energy generation or low emission wood or biomass combustion devices, as defined in 15-32-102,  
 24 are exempt from taxation for a period of 10 years following installation of the property:

25 (a) \$20,000 in the case of a single-family residential dwelling;

26 (b) \$100,000 in the case of a multifamily residential dwelling or a nonresidential structure."  
 27

28 ~~NEW SECTION. Section 3. Effective date. [This act] is effective on passage and approval.~~

29

30 ~~NEW SECTION. Section 3. Retroactive applicability APPLICABILITY. [This act] applies retroactively.~~

1 ~~within the meaning of 1-2-109,~~ to tax years beginning after December 31, ~~2000~~ 2001.

2 - END -